

VZCZCXR06285
RR RUEHCN RUEHGH RUEHVC
DE RUEHGZ #0678/01 3490927
ZNR UUUUU ZZH

R 150927Z DEC 09
FM AMCONSUL GUANGZHOU
TO RUEHC/SECSTATE WASHDC 1175
INFO RUEHOO/CHINA POSTS COLLECTIVE 0379
RUEHBJ/AMEMBASSY BEIJING 0943
RUEHGH/AMCONSUL SHANGHAI 0307
RUEHCN/AMCONSUL CHENGDU 0308
RUEHSH/AMCONSUL SHENYANG 0317
RUEHHK/AMCONSUL HONG KONG 0376
RUEHIN/AIT TAIPEI 0281
RUCPDOC/DEPT OF COMMERCE WASHDC
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RHEHAAA/NSC WASHINGTON DC 0110
RUEAIIA/CIA WASHDC 0352
RUEKJCS/DIA WASHDC 0348
RUEKJCS/SECDEF WASHDC 0025

UNCLAS SECTION 01 OF 02 GUANGZHOU 000678

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STATE FOR EAP/CM, OES/PCI, DRL, AND EAP/PD
STATE ALSO PASS USTR FOR CHINA OFFICE

E.O. 12958: N/A

TAGS: ECON PGOV SOCI SCUL EAID SMIG PHUM CH
SUBJECT: Slow Improvements in South China NGO Environment

REF: Guangzhou 17

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¶1. (SBU) SUMMARY: Since the May 2008 Sichuan earthquake, when the Chinese government tacitly allowed some non-government organizations (NGOs) to play a role in the relief effort, NGOs have had relatively more freedom in which to operate, according to NGO leaders and academics in south China. However, the Chinese government still maintains a watchful eye on NGO-related activities and the overall political environment is not ideal for fostering NGO growth. South China experts say that the Chinese government's improved understanding of NGO functions and greater international exposure are essential for the sector to mature. They cautioned that the road ahead would be difficult, but nevertheless, they believe that the sector's development is inevitable. End Summary.

Signs of Government Openness towards NGOs

¶2. (SBU) Chinese NGOs are enjoying greater freedoms to carry out their missions compared to several years ago, according to Li Weining (aka Miles W.N. Lee), a senior research fellow at China Development Institute (CDI), a government-funded think tank in Shenzhen. With NGOs playing a major role in the relief effort in the aftermath of the May 2008 Sichuan earthquake, the Chinese government has tacitly afforded NGOs with greater operational space, said Li. An organization making use of this window is the Institute of Civil Society (ICS) at Sun Yat-sen University in Guangzhou, which has set up a one-year community building project to help villagers in Sichuan reconstruct their community. Professor Zhu Jiangang, director of ICS, said that the institute's existence and its work in Sichuan and other provinces prove that there is space in China to support NGO development and that NGOs can cooperate with the government and businesses to do this work.

¶3. (SBU) China's official position on NGOs has also begun to show signs of change. In a recent episode of "Economy 30-Minutes" on China's state television CCTV watched by ConGenOff that spotlighted China's trafficking-in-person efforts, the host encouraged and

underscored the importance of NGOs working with the government to solve missing children cases. The host referred to NGOs not by the sanctioned minjian zuzhi (civil society organization) label, but by the often avoided feizhengfu zuzhi (non-government organization) term. (Comment: The explicit use of the term feizhengfu zuzhi and the proposed cooperation between NGOs and the government via CCTV were breaks from the past. End comment.)

14. (SBU) Local governments in south China have also increased their funding for social programs. Shenzhen's government has begun to grant annual subsidies of up to RMB 60,000 to social programs run by government agencies, businesses, schools, and NGOs, according to Zhou Xinjing, founder of Allied Social Work Services Center of Shenzhen (ASWS). Her organization, a registered NGO that uses proceeds from the sale of used items to support a local migrant community, applied for one of these grants and was recently notified of their award. Zhou suggested that such subsidies may be one of the reasons for the rapid development of social work centers and NGOs in Shenzhen. However, she speculated that many new organizations are simply trying to get the subsidies rather than providing social services. For this reason and other management considerations, the failure rate of NGOs in Shenzhen and surrounding areas is relatively high despite the local government's effort to provide financing, said CDI's Li.

Chinese Government Barriers to Civil Society Growth

15. (SBU) Despite the seemingly more open social atmosphere, China's current political and legal environment is still not ideal for cultivating civil society growth, said a south China NGO expert. He argued that not only does China's one-party system more generally foster apathy and remove a sense of personal responsibility for society, it also lacks an effective legal framework in which NGOs

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can function. Although organizations may apply to register as a "civil society organization" with China's Ministry of Civil Affairs, few actually meet the requirements. Many organizations operate illegally or as business enterprises, putting them outside any legal framework governing NGOs, said the expert. For organizations that are registered as an enterprise, this also affects their fundraising abilities. Because of their legal status, such organizations are precluded from applying for government grants or conducting fundraising campaigns, explained one Shenzhen NGO leader. Also, these organizations do not appeal to businesses in search of corporate responsibility activities because it cannot provide any tax incentives. Chinese corporations are only now in the early stages of recognizing the concept of civic responsibility and its concomitant public relations benefits.

16. (SBU) The government continues to monitor NGO activities closely in south China, particularly during important anniversaries and events. In the days approaching the October 1 National Day, ConGenOff attended a Hong Kong-based AIDS charity's celebration of its new office opening in Guangzhou. During the event, police officers entered the office and questioned the organizers. They also required anyone entering or leaving the unit to register his/her name, identification card number, and work unit. ConGenOff witnessed two men, who event guests speculated were members of the Ministry of Public Security, briefly videotaping the event. Several renowned scholars on HIV/AIDS who were scheduled to speak at the event reportedly cancelled at the last minute because of the tight surveillance. The director of the foundation was purportedly taken in by local police for questioning until the early morning hours.

Difficult Road for an Inevitable Trend

17. (SBU) South China experts say that the growth of China's civil society is, however, inevitable. They believe that the Chinese government recognizes the importance of NGOs in developing a healthy civil society. It will take another 10 to 20 years for the NGO sector to mature, said one expert. Financial accountability is essential to the sector's development. Additionally, the sector needs greater exposure to international NGO operating standards and

practices in the form of international assistance and cooperation. The Chinese government, however, also needs to do its homework to understand how NGOs can contribute, said the expert. With that understanding, Chinese NGOs will have more freedom to operate.

¶8. (SBU) Another researcher cautioned that the road ahead for NGOs is a difficult one, especially for advocacy organizations or rights defenders, because the political environment can be uncertain. He said that the government needs to understand that "action does not equal an intention to overthrow" the current establishment. However, he remains optimistic, saying that a new law governing philanthropy, expected to be released next year, will further expand the space for NGO development.

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